



## FERC—Consumers win one and appeal another

The US Office of Consumer Affairs (OCA) won a victory for consumers last week when the **Federal Energy Regulatory Commission (FERC)** announced that it will issue an order denying a proposal by several electric utility companies that would have limited access of consumers to important information. In doing this, FERC adopted the position advanced by OCA.

The information, presently found in FERC's Form 423, details the cost and quality of fossil fuels (coal) which electric utilities buy and burn to produce energy. Consumer groups use this information to monitor electric companies' fuel purchases. Since most states allow increased fuel costs to be passed on to consumers, this information allows the public to make sure a utility is not overcharging. Environmental groups use this information to make sure utilities are in compliance with the Clean Air Act.

The electric companies had argued that making this information public created an anti-competitive situation. OCA disagreed and alleged that "the petitioners have failed to show that the public availability of Form 423 data has any socially harmful effects." FERC agreed with OCA.

OCA had also maintained that public participation in regulatory proceedings would be meaningless if important information as found in Form 423 was withheld. (See CONSUMER NEWS March 15, 1978 for earlier details.)

In another FERC matter, OCA has appealed the "initial decision" of FERC's Administrative Law Judge that would, if upheld, allow the **Public Service Company of New Hampshire (PSNH)** to include the cost of construction work in progress (CWIP) in its rate base for wholesale customers. This means that present PSNH customers would have to pay the cost of financing the construction of the controversial Seabrook nuclear generating plant.

Typically, customers are not required to pay charges for a generating plant until it is producing electricity. OCA says allowing CWIP charges in this case would amount to a 30% increase in the bills of ultimate customers.

OCA focused its challenge on the judge's failure to require PSNH to demonstrate the futility of alternatives to the CWIP method of financing and suggested other ways that might be less costly to consumers than CWIP. These alternatives include:

(Continued on page 2)

## Substitute shopping fights inflation

Esther Peterson, Special Assistant to the President for Consumer Affairs, is urging consumers to eat less beef by substituting poultry, pork, and other protein foods. "Although very few foods are low-priced these days, the costs of some foods are going up more slowly than others," she noted. "If we could quickly shift to lower priced alternatives, we would not only help our pocketbooks but help to dampen inflationary pressures in the general economy by decreasing the demand for higher priced foods."

"As a rule, our purchasing habits are very rigid," said Peterson. "This rigid purchasing behavior is as much to blame as are supply shortages for violent price swings. Coffee and sugar a few years ago and lettuce and beef more recently, are 4 examples where consumer flexibility could have made a difference.

Peterson noted that the typical family of 4 consumed about 2½ pounds of meat per day last year. Meat consumption is expected to be about the same this year. But the composition of that meat consumption will be changing, and typical Americans will substitute more pork and poultry for beef. "While increased pork and poultry production will more than offset the decline in beef production, consumers must be prepared to take advantage of that higher production," said Peterson. "If we try to buy as much beef as we bought last year, while that amount of beef is simply unavailable, we will see price increases which are unacceptable. We must adjust our purchasing habits to take advantage of other more plentiful protein sources."

Substitution leads to lower consumer expenditures which enables us to cope better with inflation. It also reduces the demand for products which are temporarily in short supply, thus reducing the influence that shortages have on inflation. This January's price statistics contain several examples where less rigidity in consumer purchasing patterns could potentially have resulted in beneficial price effects.

For example, Peterson pointed out that lettuce prices rose 43% in January because of adverse weather conditions in California, and tomatoes were up 15%. A spinach and mushroom salad would be both more nutritious and less costly. If we have to have lettuce in our salads, it can be "extended" with spinach or other more plentiful fresh vegetables.

Beef and veal prices rose by nearly 6% in January and hamburger rose nearly 9%. The use of vegetable extenders alone would have more than offset the hamburger price increase. Other meats are plentiful this year as are non-meat sources of protein. Pork prices were virtually unchanged in January, egg prices fell, and poultry, cheese, and fish price increases were only a fraction of the beef price rise.

Peterson noted that beef production—and thus our potential consumption—will fall by about 5% in 1979. Production of grass fed beef cattle, used in making hamburger and other processed meats, will fall by as much as 25%. That means that cattle, which we would normally cut up for

(Continued on page 2)

## FERC (Continued from page 1)

- Construction project financing.
- Nuclear fuel leasing.
- Delaying completion of Seabrook Unit II by 36 months.
- Modifying PSNH's First Mortgage Indenture to allow it to sell bonds before the project is completed.

As CONSUMER NEWS has reported earlier, OCA says the CWIP method of financing is highly inflationary—and inequitable because it requires present customers to pay for construction which will benefit future customers. (See CONSUMER NEWS Aug. 1, 1978, Oct. 1, 1978, and Feb. 15 for chronology of events leading to this latest action by OCA.)

## Alcohol warning labels (ATF reading rooms)

Listed below are the Bureau of Alcohol, Tobacco and Firearms (ATF) reading room locations. (See this issue of CONSUMER REGISTER for report on alcohol warning labels.) These ATF reading rooms are open daily from 8:30 to 5:00.

Washington, DC  
Room 4408  
12th and Pennsylvania Ave.

Cincinnati, OH  
Room 6519  
550 Main St.

Philadelphia, PA  
Third Floor  
2 Penn Center Plaza

Chicago, IL  
230 South Dearborn St.

New York, NY  
Sixth Floor  
6 World Trade Center

Dallas, TX  
Room 345  
1200 Main St.

Atlanta, GA  
3835 Northeast Expressway

San Francisco, CA  
Thirty-fourth Floor  
525 Market St.

## Spanish publications

Consumer Information Center's *Lista de Publicaciones Federales en Espanol para el Consumidor* describes more than 100 selected government publications in Spanish—and how to order them. The *Lista*, which is free, may be ordered from Consumer Information Center, Dept. 639G, Pueblo, CO 81009. Bulk quantities are also available free from the same address to non-profit organizations. Unlike the English version (*Consumer Information Catalog*), all of the publications listed in the Spanish version are free. Subjects covered include automobile, health, and child care.

## Substitute shopping (Continued from page 1)

steaks and roasts, will have to be used in making hamburger and processed meats. "This substitution," says Peterson, "drives up both hamburger prices and steak prices."

When asked about the possibility of a repeat of the 1973 consumer boycott of beef, Peterson said such action was unlikely and would be unwise. "Cattle prices in real terms, adjusted for inflation, would have to rise another 40% to equal the 1973 highs," said Peterson.

She also stressed that a consumer boycott, while lowering prices now, would result in higher prices later. Cattlemen, who have only recently begun rebuilding their herds in response to higher prices, would change their outlook of long-term strong prices if faced with a boycott.

"The textbooks teach us that when faced with high prices, and plentiful lower priced alternatives, consumers will seek substitutes. That kind of reasonable behavior is all that is called for," said Peterson.

## Antitrust and you

If you have noticed that area stores all charge the same price for certain products, or that particular local merchants dominate the market by size or control of supplies, you will be interested in a recent Justice Dept. decision to work with local prosecutors across the country in helping to enforce antitrust laws.

Antitrust laws are designed to encourage competition in the marketplace, ideally enabling consumers to buy better quality products at fair prices.

Here is an example of an antitrust violation:

The Vermont Office of the Attorney General recently sued a distributor of imported Norwegian wood-burning stoves with unlawfully fixing prices at which the stoves were resold. The Attorney General's Office alleges that the distributor, JOTUL, and unnamed co-conspirators coerced and used "surveillance and termination of dealers" since 1976 to keep the prices fixed. Consumers who wanted to buy a JOTUL brand stove ended up literally "paying the price" for the illegally fixed rates, since area stores had to sell the stoves at the same price.

In this case, a complaint has been filed on behalf of Vermont consumers, although no decision has yet been reached. According to the National Association of District Attorneys, however, too often smaller scale local antitrust violations are not pursued by local prosecutors, largely because of heavy criminal caseloads.

Justice's announcement means that local prosecutors who are unable to complete an antitrust investigation or prosecution because of insufficient resources will now be able to refer cases to the Department. Justice's support should enable local prosecutors to spend more time on minor antitrust violations, such as price fixing in neighborhood markets and family businesses.

Consumers can aid their local prosecutors by doing something about anti-competitive activity in their area. Bob Fellmeth, Antitrust Specialist for the San Diego District Attorney's Office, said anyone noticing possible antitrust violations should gather evidence, take notes and pictures, collect documents, and bring them to his/her local prosecutor's office.

To find out more about local antitrust violations and what you can do if you suspect such violations exist, call Arthur L. Delnegro at the Economic Crime Project of the National Association of District Attorneys at 312-944-4610.

## Hospital cost containment

We have known for a long time that hospital costs have been soaring, so it should come as no surprise that a recent national opinion survey showed that more people were worried about the cost of hospital care than any other item. To quote from the survey, *Hospital Care in America*, conducted by Louis Harris and Associates, people were asked "which 2 of a list of sensitive items they felt have increased most in the last few years. Forty-five percent of the public mentioned health care followed by the cost of food (34%), doctor's fees (32%), and the cost of housing (29%)." They were also asked which 2 items they felt were most overpriced. According to the report, "Again hospital care heads the list (34%), followed closely by automobiles (26%), doctor's fees (27%), housing (25%), and automobile insurance (25%)."

Because total hospital expenditures have risen at least twice as fast as the Consumer Price Index, the President has given high priority to hospital cost containment and last October called it the most important step we can take against inflation. And later, in his State of the Union Message, he called for legislation to hold down hospital costs, saying it (hospital cost containment) "will be one of the clearest tests of the seriousness of the Congress in dealing with the problem of inflation. Clearly the most inflationary part of health care costs in recent years has been in the hospital industry. Last year, hospital charges grew at the rate of about 13%."

Such legislation will soon be proposed. It is in principle a reintroduction of last year's bill and is opposed by many members of the hospital industry.

- It would establish a national limit (estimated to be 9.7%) for the rate of increase in hospital costs in calendar 1979 which hospitals would be asked to meet voluntarily.

- If the hospital fails to achieve this nationwide limit in 1979, standby mandatory controls would be applied to individual hospitals beginning Jan. 1, 1980.

Although consumers are deeply concerned about the high cost of hospital care, they naturally do not want the quality of this care to go down along with cost. But according to a recent statement by **Health, Education and Welfare Dept.** Secretary Califano, costs can be cut without sacrificing quality—and some states have successfully done so.

Suggested cost-cutting measures include:

- Eliminating unnecessary hospital beds and unnecessary X-rays.
- Decreasing average lengths of hospital stays.
- Eliminating unnecessary weekend admissions.
- Replacing inefficient supply purchasing practices.

For further information call Phil Spector, The White House; 202-546-2576.

## Hauling coal too expensive

In recent testimony before the **Interstate Commerce Commission** (ICC), the Federal agency that regulates, among many other things, the rates railroads may charge for hauling coal, the **US Office of Consumer Affairs** (OCA) objected to a 37.8% increase in coal hauling rates proposed by the **Louisville & Nashville Railroad** (L&N).

Since utility companies are the major purchasers of L&N originated coal, these increases will eventually appear in consumers' electric utility bills. And consumers will see the increase in another way—in the form of higher prices being passed on by industrial users to cover their costs. (This case is still pending.)

March 1, 1979

## S-p-r-e-a-d-i-n-g the word

Here is the air schedule for **Consumer Survival Kit's Public Broadcasting System TV** series for March, April, May and June. Check local listing for time and date of show.

	PBS Feed Date
Home nursing/ simplifying legalese/bedding	March 3
Eyes-eye glasses/ warranties/baby car seats	March 10
Price-quality relationship/speed reading/ retirement homes	March 17
Universal Product Code/train travel/appliance repairs	March 24
Nuclear energy/ home filing systems/ supermarket al- ternatives	March 31
Motor oils/paying for college education/small claims	April 7
Baby health/selling your home/paying for college educa- tion	April 14
Medical malpractice/home repairs/car rental	April 21
Prescription drugs/ travel tips/air conditioning	April 28
Privacy/homebuying/ hotels-motels	May 5
Cutting food costs/ Christmas clubs/ tooth care	May 12
Weight control/real estate investments/ advertising	May 19
Borrowing money/ beer/Oriental rugs	May 26
Banking/bread/ pesticides	June 2
Retirement planning/ batteries-anti- freeze/water filter systems	June 9
Recycling/furniture buying/marriage counselors	June 16
Handicapped products/ice cream/stereos	June 23
Plastic surgery/auto accessories/dog- cat food	June 30



## The state of credit

A recent Supreme Court decision held that a bank in one state may charge its credit card customers according to the usury laws in that state even though the customer and the merchant live in another—usually a neighboring—state.

This means that customers who charge several expensive items and choose not to pay for them in full by the end of the month may find it to their advantage to have a credit card issued in a state where banks charge a lower rate of interest (even if an annual fee is tacked on to the credit card user's account to make up for that state's low interest rate). On the other hand, a customer who pays his or her bills every month would be better off having the credit card issued in a state with a higher interest rate and no compensating annual fee.

So, depending on your buying habits, shop around for the best credit card deal you can find.

## Postal pamphlet

Want to know the fastest and safest way to mail your letters and packages? Maybe you have been receiving unsolicited mail, or have not been receiving solicited mail. These and other mailing problems are discussed in an updated *Consumer's Guide to Postal Services and Products*, published by the US Postal Service.

For your free copy call or write the Consumer Advocate, US Postal Service, Washington, DC 20260; telephone 202-245-4514. Copies may also be found in many local postoffices.

## Federal publications

• *Tips for Consumers Insulating Their Homes* is available free from Consumer Information Center, Dept. 609G, Pueblo, CO 81009. The booklet urges installers of cellulose insulation to look for insulation manufactured after Sept. 7, 1978 because **Consumer Product Safety Commission** requires that any cellulose manufactured after that date must meet minimum flammability standards. Be sure to buy bags that are labeled: "Attention: The material meets the applicable minimum Federal flammability standards. This standard is based on laboratory tests only, which do not represent actual conditions which may occur in the home." The label means the insulation has passed a laboratory test that measures flame spread and that the flame retardants used have been tested for permanency and will not corrode structural materials in your house.

• A **Transportation Dept.** staff study indicates that fares for international air passengers could be hundreds of dollars lower per trip if determined by competition, and not by air carriers agreeing among themselves. The study, called *International Air Fare Levels: An Evaluation After Three Decades of IATA Rate-Making*, is a review of air fare levels which have developed under the system of setting fares through "traffic conferences," which has existed for the past 30 years. Under this system, according to Transportation Dept., international airlines meet, with immunity from antitrust laws, to agree on fares and related matters. The study was done as part of a broad review of US international aviation policy. It indicates that international fare levels are often as much as 3 or 4 times probable competitive levels. As a result, the study notes, fewer passengers fly and fewer flights are offered than would be likely at competitive fare levels. Free copies may be obtained from the Office of Transportation Regulation, P-50, Transportation Dept., Washington, DC 20590; telephone 202-426-4426.

CONSUMER NEWS is published the 1st and 15th of each month by the US Office of Consumer Affairs to report Federal Government programs for consumers. Use of funds for printing this publication through Sept. 30, 1979, approved by Office of Management and Budget. Authorization to reproduce any or all items is granted. Editorial address is CONSUMER NEWS, US Office of Consumer Affairs, 621 Reporters Bldg., Washington, DC 20201; Midge Shubow, Director of Consumer Information (202) 755-8810; Marion Q. Ciaccio, Managing Editor (202) 755-8830. Sold by Consumer Information Center, Pueblo, CO 81009; subscription \$6 a year, payable to "Supt. of Documents." Send address change to Supt. of Documents, Government Printing Office, Washington, DC 20402.

UNITED STATES  
OFFICE OF CONSUMER AFFAIRS  
WASHINGTON, D.C. 20201

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

CNEW SERIA3005 ISSUED015R 1  
SERIALS PROCESSING  
XEROX/UNIV MICROFILMS  
300 N ZEEB RD  
ANN ARBOR MI 48106

US GOVERNMENT PRINTING OFFICE: 1979 260-929/15  
DHEW PUBLICATION NO. (OX) 79-10P

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF H.E.W.  
391

First Class



Consumer News: March 1, 1979